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## Morocco

## Oilseeds and Products

## Annual

## 2003

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### Report Highlights:

**High duties on meal and oilseeds imported by the feed industry limits the development and expansion of the market of soybeans and soybean meal in Morocco. The Free Trade Agreement that Morocco is negotiating with the U.S. could be a good opportunity to lower feed costs, improve quality, and eventually increase the use of soybeans and soybean meal in Morocco**

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Includes PSD changes: Yes

Includes Trade Matrix: Yes

Unscheduled Report

Rabat [MO1], MO

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## Executive Summary

Morocco's oilseeds production remains marginal as Morocco produced in 2002 only about 16,000 MT of sunflowerseeds. The production of soybeans and rapeseed is virtually nil and is unlikely to grow in the future because of high costs and the lack of incentives to farmers. Unlike for soybeans and rapeseed, there is a minimum support price for sunflowerseed of 4,000dh/MT paid to farmers by the government oilseed marketing company COMAPRA. The crusher buys the local sunflowerseed from COMAPRA at the prevailing international price and the government pays the differential between international price and 4,400dh/MT (support price plus a 400 dh/MT margin to cover COMAPRA's expenses). (Exchange rate: \$1=9.60 dirhams(dh))

As of January 2003, there are now two crushers in Morocco. Lesieur, long based in Casablanca, has an estimated capacity of 1,200 MT/day. A second crushing mill, based near the city of Meknes, was scheduled to open last spring but just opened. The new crushing mill has an estimated capacity of 600 MT/day and should result in an increased competition for soybean meal.

Morocco will continue to rely heavily on imported soybeans to fulfil the local demand for soybean meal. Imports have been primarily from Latin America during the March-October period and from the U.S. during September-March. Lesieur continues to buy full boat loads (20-30,000MT) after consulting with the few local representative of international trading companies. Currently Lesieur processes only hulled soybeans and is not producing 48 percent protein meal, presumably because of the low local demand.

## Imports of Oilseeds

Imports of soybeans in the short term are expected to increase moderately to reflect the opening of the new crushing plant near Meknes. The increase in soybean imports is likely to result in a slower increase in demand for imported soybean meal, especially if the new crusher succeeds in providing higher quality meal at a reasonable price.

Under the current customs tariff structure, these two crushers are the only potential buyers of soybeans in Morocco. Soybeans are subject to a 2.5 % duty when imported directly by the crusher. Otherwise imports are subject to a flat 22.5 % plus, if the price is less than the GOM threshold price of 2,900dh/MT, an additional duty applied to the differential between the custom's value and the threshold price. This prevents feed manufacturers and poultry producers from using soybeans to produce full-fat soya. Under a more balanced tariff structure, imports of oilseed by feed manufacturers to make full-fat soya would have some potential because of the low investment required and the possibilities to increase the currently low energy level of the poultry rations in Morocco. Today, as an alternative, many feed manufacturers add vegetable oil to their rations.

## The Feed Industry

There are 37 industrial feed mills in Morocco, with a total estimated capacity of 3.5MMT. In

2002, the estimated mixed feed production from industrial mill was 1.5 MMT (only 43 percent of the existing capacity), yet more feed mills have opened recently, indicating the huge potential demand. Currently, 95 percent of the industrial mixed feed production is devoted to poultry. According to feed manufacturers, feed production (and hence the demand for corn and soybean meal) has been limited by the high import tariffs on feed ingredients (soybean meal and corn) that increase the cost of feed and ultimately limit the consumption of poultry products. Morocco's per capita consumption of eggs and poultry meat have been estimated at 111 eggs and 8.3 kilograms, respectively, which are low compared to most neighboring countries.

## **Imports of Soybean Meal**

Imports of soybean meal are less attractive because of the high duties (25%). This has served to protect Lesieur, until recently a monopoly crusher, with little incentive to improve its quality and prices. Some sources even indicated that Lesieur was transferring some of the cost of the extraction of vegetable oil to the soybean meal, to be more aggressive price-wise on the local vegetable market and displace other refineries. Unexpectedly, in 2001, Lesieur proposed a decrease in customs duties for soybean meal to 20%, but the proposal was rejected by the GOM. Feed manufacturers claimed that such a reduction in customs duties would not have been enough to force Lesieur to seriously consider improving its quality and cutting down its soybean meal prices.

Morocco imported in MY 2001 112,000 MT of soybean meal. Large feed manufacturers imported less than half through their combined purchases. The remaining was imported directly by importers for distribution to small feed manufacturers, poultry farms mixing feed on farm, dairy cooperatives, and single farmers.

## **Liberalization of the Oilseeds Industry**

Since the early 1950's, the GOM has been heavily involved in the vegetable oil and oilseed crushing industry, which provided virtually no opportunity for the local refineries and the crusher to improve their competitiveness and the quality of their products. It is only since 1996 that the GOM started liberalizing the sector and gradually exposing the local industry to world competition. On November 1, 2000, Morocco liberalized its vegetable oil sector and phased out the subsidy to consumers (see MO1003). The GOM and the industry signed then a memorandum of understanding to avoid any abrupt increase in prices of the standard table oil for a transition period of 2 years. The low world prices for soybean oil combined with the low duties in crude oil allowed the refineries to meet this commitment with no GOM subsidies. Given this history of protection, it will no be easy for the local industry to face, in the short term, any abrupt decrease in duties for vegetable oil and soybean meal. Today there are 9 refineries and 2 crushers that provide some 6,000 permanent jobs and are currently the source of the demand for crude vegetable oil and soybeans. Most local refineries process local olive oil as well. However, the share of local olive oil is very small compared to the vegetable oil market, because of low consumption (except in olive producing areas where farmers make their own olive oil) and relatively high prices of olive oil (25-35 dirhams/liter for olive oil compared to 8-10 dh/liter for vegetable oil).



PSD Table						
Country	Morocco					
Commodity	Oilseed, Soybean				(1000 HA)(1000 MT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		10/2001		10/2002		10/2003
Area Planted	1	0	1	0	0	0
Area Harvested	1	0	1	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	1	0	1	0	0	0
MY Imports	210	313	220	380	0	400
MY Imp. from U.S.	130	131	130	170	0	200
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	211	313	221	380	0	400
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	211	313	221	380	0	400
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	0	0	0	0	0	0
TOTAL Dom. Consumption	211	313	221	380	0	400
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	211	313	221	380	0	400
Calendar Year Imports	0	300	0	380	0	400
Calendar Yr Imp. U.S.	0	130	0	170	0	200
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Import Trade Matrix			
Country	Morocco		
Commodity	Oilseed, Soybean		
Time period	MY Oct/Sep	Units:	MT
Imports for:	2000		2001
U.S.	123057	U.S.	130984
Others		Others	
Brazil	81220	Brazil	160167
Argentina	53112	Argentina	22000
Total for Others	134332		182167
Others not Listed			
Grand Total	257389		313151

PSD Table						
Country	Morocco					
Commodity	Meal, Soybean				(1000 MT)(PERCENT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		10/2001		10/2002		10/2003
Crush	211	313	221	380	0	400
Extr. Rate, 999.9999	0.805687	0.805112	0.79638	0.802632	ERR	0.8000
Beginning Stocks	0	0	0	0	0	0
Production	170	252	176	305	0	320
MY Imports	90	112	100	100	0	110
MY Imp. from U.S.	70	64	80	80	0	90
MY Imp. from the EC	0	15	0	10	0	10
TOTAL SUPPLY	260	364	276	405	0	430
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	260	364	276	405	0	430
TOTAL Dom. Consumption	260	364	276	405	0	430
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	260	364	276	405	0	430
Calendar Year Imports	70	110	80	100	0	110
Calendar Yr Imp. U.S.	70	60	80	80	0	90
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Import Trade Matrix, Morocco, Meal Soybean			
Time period	MY Oct/Sep	Units:	MT
Imports for:	2000		2001
U.S.	30498	U.S.	63621
Others		Others	
		Brazil	24350
		Netherlands	11588
		Argentina	9900
		Belgium	3100
Total for Others	0		48938
Others not Listed			
Grand Total	30498		112559

PSD Table, Morocco, Oil soybean					(1000 MT)(PERCENT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		10/2001		10/2002		10/2003
Crush	211	313	221	380	0	400
Extr. Rate, 999.9999	0.165877	0.178914	0.162896	0.178947	ERR	0.175
Beginning Stocks	8	8	8	8	8	8
Production	35	56	36	68	0	70
MY Imports	290	331	300	320	0	320
MY Imp. from U.S.	40	39	40	40	0	50
MY Imp. from the EC	30	46	30	30	0	30
TOTAL SUPPLY	333	395	344	396	8	398
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	325	387	336	388	0	390
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	325	387	336	388	0	390
Ending Stocks	8	8	8	8	0	8
TOTAL DISTRIBUTION	333	395	344	396	0	398
Calendar Year Imports	270	270	270	320	0	320
Calendar Yr Imp. U.S.	40	40	40	40	0	50
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

Import Trade Matrix, Morocco, Oil Soybean			
Time period	MY Oct/Sep	Units:	MT
Imports for:	2000		2001
U.S.		U.S.	39300
Brazil	145574	Argentina	182185
Argentina	90514	Brazil	64384
Belgium	18812	Belgium	15202
Netherlands	11933	Spain	12147
Switzerland	8205	Netherlands	9300
Spain	8020	Portugal	5500
Germany	5150	France	3000
Portugal	4200		
Total for Others	292408		291718
Grand Total	292408		331018



PSD Table						
Country	Morocco					
Commodity	Oilseed, Rapeseed				(1000 HA)(1000 MT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		10/2001		10/2002		10/2003
Area Planted	1	1	1	1	0	1
Area Harvested	1	1	1	1	0	1
Beginning Stocks	0	0	0	0	0	0
Production	1	1	1	1	0	1
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1	1	1	1	0	1
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	1	1	1	1	0	1
TOTAL Dom. Consumption	1	1	1	1	0	1
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	1	1	1	1	0	1
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PSD Table, Morocco, Rapeseed					(1000 MT)(PERCENT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2001		01/2001
Crush	0	0	0	0	0	0
Extr. Rate, 999.9999	ERR	ERR	ERR	ERR	ERR	ERR
Beginning Stocks	0	0	0	0	0	0
Production	0	0	0	0	0	0
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	0	0	0	0	0	0
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consum.	0	0	0	0	0	0
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	0	0	0	0	0	0
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	0	0	0	0	0	0
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PSD Table						
Country	Morocco					
Commodity	Oil, Rapeseed				(1000 MT)(PERCENT)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		10/2001		10/2002		10/2003
Crush	0	0	0	0	0	0
Extr. Rate, 999.9999	ERR	ERR	ERR	ERR	ERR	ERR
Beginning Stocks	0	0	0	0	0	0
Production	0	0	0	0	0	0
MY Imports	5	1	5	1	0	1
MY Imp. from U.S.	0	1	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	5	1	5	1	0	1
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	5	1	5	1	0	1
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	5	1	5	1	0	1
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	5	1	5	1	0	1
Calendar Year Imports	5	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0